(1) Increase in the FDI limits in "Air Transport Services (Domestic Airlines)" up to 49 per cent through the automatic route, and up to 100 per cent by non-resident Indians (NRIs) through the automatic route.

(2) Foreign investment in the banking sector has been further liberalized by raising FDI limit in private sector banks to 74 per cent.

(3) FDI ceiling in telecom sector has been increased from 49 per cent to 74 per cent.

(4) The guidelines pertaining to foreign/technical collaborations under automatic route for foreign financial/technical collaborations with previous ventures/tie-ups in India as per Press Note No.18 (1998) have been reviewed in order to allow new proposals for foreign investment/technical collaborations under the automatic route, subject to sectoral policies and guidelines.

Micro-Insurance Project

3484. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) the salient features of the micro-insurance project;

(b) the target beneficiaries of micro-insurance project;

(c) whether this micro-insurance project is already being implemented;

(d) if so, the details of the implementing agencies and the number of persons insured during the last two years, State-wise; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Micro-Insurance is a channel targeted to provide insurance cover to the poorer sections of the society namely BPL families, landless agricultural farmers, low income artisans etc. Micro-insurance agents, like Non Governmental Organisations (NGOs), Self-Help Groups (SHGs) and Micro Financial Institutions (MFIs), source Micro-insurance products from both life and non-life insurance companies for sale of these products to the rural as well as the urban poor. These micro-insurance products are required to be approved by the Insurance Regulatory & Development Authority (IRDA).

(c) to (e) IRDA is in the process of notifying the separate regulations defining "micro-insurance products", micro-insurance agents" and to address the issue of waiver of certain pre-requisites for license to micro-insurance agents. These regulations are in the draft stage. Once these regulations are notified, the insurance coverage under micro-insurance would commence.

Use of Forex Reserve for Creation of Infrastructure

3485. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to utilise a portion of forex reserve for creation of infrastructure;

(b) if so, the details thereof;

(c) whether it is also a fact that IMF Chief is not in favour of such a proposal:

(d) if so, the reasons therefor; and

(e) the final decision taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No such decision has yet been taken.

(b) Does not arise.

(c) and (d) the IMF supported Government of India's emphasis on infrastructure but has expressed concern over the use of foreign exchange reserve for this purpose as it may have undesirable macro-economic repercussions.

(e) As at (a) above.

Implementation of VAT

3486. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that VAT has been implemented *w.e.f.* 1st April, 2005 but the concerned State Governments have not issued notification to that effect before the crucial date;

(b) if so, the details thereof and the reasons therefor; and

(c) whether VAT will be implemented by different State retrospectively?